

Company registration number 06699502 (England and Wales)

**KIRINTEC LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# KIRINTEC LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R P Peers-Smith N A Watts G A Harris L Chaplain
<b>Company number</b>	06699502
<b>Registered office</b>	Walter Scott House 10 Old Gloucester Road Ross-on-Wye Herefordshire HR9 5PB
<b>Auditor</b>	Pearson May 37 Great Pulteney Street Bath BA2 4DA
<b>Bankers</b>	National Westminster Bank plc 12 Broad Street Hereford Herefordshire HR4 9AH

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# KIRINTEC LIMITED

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# KIRINTEC LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

#### **Review of the business**

The principal activities of the group during the year continued to be the design, production and delivery of world leading innovative technology solutions for the Cyber & Electromagnetic Activities (CEMA), Counter IED and Counter UAS domains. Kirintec continued to deliver life-saving defensive capability to users in some of the most austere and conflict-ridden environments in the world.

The Directors are pleased to report on another strong year for the group. The year 2022 saw the continued roll out of the new ground-breaking product, K-CEMA range that includes the JUPITER and man portable based NEO CEMA systems and associated software applications which confirmed the group's increasingly strong market leading presence in pioneering the multi-role CEMA market space. Following Government delays of anticipated contracts over the previous couple of years due to COVID measures these continued to build and be awarded through 2022 and can be seen to show through in the financial figures for the year.

#### **Future Developments**

The outlook for 2023 is very positive as the group enters the year with a strong order backlog and also continues to add longer term multiyear long-term contracts for mostly NATO member countries, largely through adoption of its K-CEMA based products and software. These will be delivered through 2023/2024 and beyond. NEO was chosen after extensive trials by two advanced military users to enter into service as core capabilities and these orders will be delivered in 2023/2024. Jupiter has been selected against competition by a major Other Government Department (OGD) and also by a major Non-Government Organisation (NGO) and these form additional multiyear contract awards in 2023. A number of Urgent Operational Requirements (UOR) for Skynet C-UAS systems have also contributed to the group's performance in 2022 and the effectiveness of these systems in operational roles has driven increased volume requirements for these in 2023.

Recognition of Kirintec's new CEMA technology and its suitability for the emerging doctrinal approach of Multi Domain Integration (MDI) has put the group in an extremely healthy position for the future. Kirintec continues to remain at the forefront of development within its specialist domain and is investing heavily in software related AI and machine learning programs to be implemented across its CEMA product range and this investment in software applications starts to become a component of larger long-term programmatic contracts with software licensing becoming a recurring revenue stream which we anticipate will grow through 2023 and beyond.

The supply chain issues associated with key semiconductor components is well known and Kirintec has reconfigured its supply chain and invested heavily in critical components in order to satisfy its customers and meet its order commitments in 2023.

#### **Key Performance Indicators**

The principal indicators to measure the performance at a group and subsidiary level in the past twelve months are order intake and cash generation. There are very detailed key performance indicators at an operating level, and these are monitored accordingly.

# KIRINTEC LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Principal risks and uncertainties

#### ***Social and political changes***

It is possible that social and political changes as a direct result of COVID 19 and BREXIT as well as general changes in the socio-political landscape could hamper timely and effective deliveries to Kirintec's customers. The group takes risk mitigation seriously and will always mitigate financial risk where appropriate by insuring contracts and budgeting for risk where necessary.

#### ***Changes to taxes, export controls, defence spending and government policy***

Changes to any of these could affect the group's ability to deliver or affect the availability of orders. The group seeks to minimise the risks by understanding them and working with experts in their fields to mitigate the risk. Kirintec employs experts within the Export Compliance field as this is an area where change has been significant due to BREXIT. Kirintec has a well-trained and capable Export Compliance team and prides itself on its understanding of UK export controls.

#### ***Laws and Regulations***

The group operates in a highly regulated environment where any breach or failure to reach the required standards could result in fines, penalties, the inability to bid or suspension of contracts. The group employs highly experienced and qualified staff and trusted external consultants and the group conducts internal audits with the highest scrutiny so our customers can take comfort from our extremely strong internal controls. We have invested heavily in, and we are proud to hold; ISO 9001, 27001, 14001, 45001 and cyber essentials plus.

#### ***Competition***

It is possible competitors may develop technologies that can compete with the group's products. The ability of the group to defend its competitive advantage rests on the constant programme of technology innovation with the continued research and development work that the group has committed to. Kirintec's agility and commitment to research and new product development continues and is a foundation on which Kirintec is built.

#### ***Key staff***

Retention of key employees remains critical to the group's success and the continuity of operations. The group provides a flexible working environment and rewards staff generously for their efforts. Kirintec prides itself on maintaining a potent mix of former military SMEs and highly capable and best of breed Engineers. This internal partnership leads to the development and production of highly innovative and mission appropriate technologies for Kirintec's customers.

#### ***Component supplies***

There is currently a world shortage of many key components that are used in the group's products; however, the group has actively mitigated the worst of this risk for 2023 by reconfiguring its supply chain and forward purchasing significant quantities of key semiconductors in order to be able to satisfy its key contacts both existing and envisaged. The group continues to monitor the market for key components on an ongoing basis and responds as and when necessary, in an attempt to mitigate these issues but the component supply market is currently highly unpredictable with supply contracts being 'de-committed' by some manufacturers at short notice and price escalation of key components being exposed to a bidding war representing a risk to both an ability to manufacture and profit margins. The group has recruited specialist personnel to continually manage and mitigate these risks where possible.

On behalf of the board

R P Peers-Smith  
**Director**

18 September 2023

# KIRINTEC LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activities of the company during the year continued to be the design, production and delivery of world leading innovative technology solutions for the Cyber & Electromagnetic Activities (CEMA), Counter IED and Counter UAS domains.

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,460,000. The directors do not recommend payment of a further dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R P Peers-Smith  
N A Watts  
G A Harris  
L Chaplain

#### **Financial instruments**

The group uses various financial instruments that arise directly from its operations. These include loans, cash, trade debtors and trade creditors.

The group is exposed to a number of financial risks including interest rate, credit risk and foreign exchange risk.

#### **Credit risk**

Before sales are made appropriate credit checks are made on all potential customers. Our customers include Governments and large Non-Government Organisations and therefore the credit risk on individual customers is limited.

#### **Interest rate risk**

Cash balances are the group's only form of interest-bearing assets on which they earn interest at the banks floating rate.

#### **Foreign exchange risk**

The group seeks to deal in GBP with foreign customers and suppliers and where this is not possible the group holds foreign currency bank accounts and manages the risk by trading spot and forward exchange contracts. There is also exposure in the movement in USD and AED against GBP at a group level.

# KIRINTEC LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2022*

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

R P Peers-Smith  
**Director**

18 September 2023

# KIRINTEC LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIRINTEC LIMITED

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### Opinion

We have audited the financial statements of Kirintec Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# KIRINTEC LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KIRINTEC LIMITED

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We considered the nature of the company's industry to identify the principal risks of non-compliance with laws and regulations. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and we enquired of management about their own identification and assessment of the risks of irregularities. We considered the extent to which non-compliance might have a material effect on the financial statements of the company. The key laws and regulations that had a direct effect on the amounts and disclosures in the accounts include the UK Companies Act, employment legislation and tax legislation. We determined that the principal risks were related to posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements such as provisions for warranty obligations and estimates of costs to complete contracts.

In common with all audits under ISAs (UK), or in response to specific risks identified, our procedures included the following:

- Enquiry of management around actual and potential litigation and claims
- Enquiry of management to identify any instances of non-compliance with laws and regulations
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business
- Obtaining evidence to corroborate management estimates and judgements, particularly around forecast costs to complete contracts and provisions for warranty obligations
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

# **KIRINTEC LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KIRINTEC LIMITED**

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Matthew Rutter BSc FCA (Senior Statutory Auditor)**  
**For and on behalf of Pearson May**

18 September 2023

**Chartered Accountants**  
**Statutory Auditor**

37 Great Pulteney Street  
Bath  
BA2 4DA

# KIRINTEC LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	25,346,157	11,177,421
Cost of sales		(6,847,548)	(1,119,584)
<b>Gross profit</b>		18,498,609	10,057,837
Administrative expenses		(8,950,171)	(6,328,677)
Other operating income		33	17,566
<b>Operating profit</b>	<b>4</b>	9,548,471	3,746,726
Interest receivable and similar income	<b>8</b>	41,802	27,002
Interest payable and similar expenses	<b>9</b>	(6,023)	(6,093)
Amounts written off investments	<b>10</b>	(22,562)	-
<b>Profit before taxation</b>		9,561,688	3,767,635
Tax on profit	<b>11</b>	(871,223)	(262,425)
<b>Profit for the financial year</b>	<b>26</b>	8,690,465	3,505,210
<b>Other comprehensive income</b>			
Currency translation gain taken to retained earnings		159,154	124,048
<b>Total comprehensive income for the year</b>		8,849,619	3,629,258

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# KIRINTEC LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13		133,683		131,832
Tangible assets	14		1,881,897		1,754,034
Investment property	15		-		238,359
Investments	16		1,000		1,000
			<u>2,016,580</u>		<u>2,125,225</u>
<b>Current assets</b>					
Stocks	18	6,041,597		4,094,374	
Debtors	19	5,910,909		5,326,221	
Cash at bank and in hand		17,358,701		12,440,089	
		<u>29,311,207</u>		<u>21,860,684</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(3,300,429)</u>		<u>(3,347,758)</u>	
<b>Net current assets</b>			<u>26,010,778</u>		<u>18,512,926</u>
<b>Total assets less current liabilities</b>			<u>28,027,358</u>		<u>20,638,151</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	21	34,419		34,831	
		<u>34,419</u>	<u>(34,419)</u>	<u>34,831</u>	<u>(34,831)</u>
<b>Net assets</b>			<u>27,992,939</u>		<u>20,603,320</u>
<b>Capital and reserves</b>					
Called up share capital	24		9,050		9,050
Capital redemption reserve	25		950		950
Profit and loss reserves	26		27,982,939		20,593,320
<b>Total equity</b>			<u>27,992,939</u>		<u>20,603,320</u>

The financial statements were approved by the board of directors and authorised for issue on 18 September 2023 and are signed on its behalf by:

R P Peers-Smith  
Director

Company registration number 06699502 (England and Wales)

# KIRINTEC LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13		133,683		131,832
Tangible assets	14		1,647,252		1,751,768
Investments	16		12,404		12,404
			<u>1,793,339</u>		<u>1,896,004</u>
<b>Current assets</b>					
Stocks	18	6,041,597		4,094,374	
Debtors	19	6,197,818		5,631,351	
Cash at bank and in hand		14,993,582		10,244,348	
		<u>27,232,997</u>		<u>19,970,073</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(6,588,543)</u>		<u>(6,945,396)</u>	
<b>Net current assets</b>			<u>20,644,454</u>		<u>13,024,677</u>
<b>Total assets less current liabilities</b>			<u>22,437,793</u>		<u>14,920,681</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	21	34,419		34,831	
		<u>(34,419)</u>		<u>(34,831)</u>	
<b>Net assets</b>			<u>22,403,374</u>		<u>14,885,850</u>
<b>Capital and reserves</b>					
Called up share capital	24		9,050		9,050
Capital redemption reserve	25		950		950
Profit and loss reserves	26		22,393,374		14,875,850
<b>Total equity</b>			<u>22,403,374</u>		<u>14,885,850</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £8,977,524 (2021 - £3,415,102 profit).

The financial statements were approved by the board of directors and authorised for issue on 18 September 2023 and are signed on its behalf by:

R P Peers-Smith  
Director

Company Registration No. 06699502

# KIRINTEC LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
<b>Balance at 1 January 2021</b>	9,050	950	16,964,062	16,974,062
<b>Year ended 31 December 2021:</b>				
Profit for the year	-	-	3,505,210	3,505,210
Other comprehensive income:				
Currency translation differences	-	-	124,048	124,048
Total comprehensive income	-	-	3,629,258	3,629,258
<b>Balance at 31 December 2021</b>	9,050	950	20,593,320	20,603,320
<b>Year ended 31 December 2022:</b>				
Profit for the year	-	-	8,690,465	8,690,465
Other comprehensive income:				
Currency translation differences	-	-	159,154	159,154
Total comprehensive income	-	-	8,849,619	8,849,619
Dividends	-	-	(1,460,000)	(1,460,000)
<b>12</b>				
<b>Balance at 31 December 2022</b>	9,050	950	27,982,939	27,992,939

# KIRINTEC LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
<b>Balance at 1 January 2021</b>	9,050	950	11,460,749	11,470,749
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year	-	-	3,415,101	3,415,101
<b>Balance at 31 December 2021</b>	9,050	950	14,875,850	14,885,850
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income	-	-	8,977,524	8,977,524
Dividends	12	-	(1,460,000)	(1,460,000)
<b>Balance at 31 December 2022</b>	9,050	950	22,393,374	22,403,374

# KIRINTEC LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	5,652,698		86,443	
Interest paid		(6,023)		(6,093)	
Income taxes refunded/(paid)		183,164		(861,404)	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>5,829,839</b>		<b>(781,054)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(42,582)		(18,856)	
Proceeds on disposal of intangibles		1		-	
Purchase of tangible fixed assets		(43,923)		(137,652)	
Loan advances made		434,321		(1,134,599)	
Interest received		41,802		27,002	
<b>Net cash generated from/(used in) investing activities</b>		<b>389,619</b>		<b>(1,264,105)</b>	
<b>Financing activities</b>					
Dividends paid to equity shareholders		(1,460,000)		-	
<b>Net cash used in financing activities</b>		<b>(1,460,000)</b>		<b>-</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>					
		<b>4,759,458</b>		<b>(2,045,159)</b>	
Cash and cash equivalents at beginning of year					
		12,440,089		14,361,200	
Effect of foreign exchange rates		159,154		124,048	
<b>Cash and cash equivalents at end of year</b>		<b>17,358,701</b>		<b>12,440,089</b>	

# KIRINTEC LIMITED

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	32	5,646,369		3,193,915	
Interest paid		(16,055)		(4,555)	
Income taxes refunded/(paid)		183,164		(861,404)	
<b>Net cash inflow from operating activities</b>		<b>5,813,478</b>		<b>2,327,956</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(42,582)		(18,856)	
Proceeds from disposal of intangibles		1		-	
Purchase of tangible fixed assets		(37,628)		(137,652)	
Repayment of loans		434,321		(1,134,599)	
Interest received		41,644		27,002	
<b>Net cash generated from/(used in) investing activities</b>		<b>395,756</b>		<b>(1,264,105)</b>	
<b>Financing activities</b>					
Dividends paid to equity shareholders		(1,460,000)		-	
<b>Net cash used in financing activities</b>		<b>(1,460,000)</b>		<b>-</b>	
<b>Net increase in cash and cash equivalents</b>		<b>4,749,234</b>		<b>1,063,851</b>	
Cash and cash equivalents at beginning of year		10,244,348		9,180,497	
<b>Cash and cash equivalents at end of year</b>		<b>14,993,582</b>		<b>10,244,348</b>	

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Kirintec Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Walter Scott House, 10 Old Gloucester Road, Ross-on-Wye, Herefordshire, HR9 5PB.

The group consists of Kirintec Limited and all of its subsidiaries. Details of the subsidiaries are given in note 17.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Audit exemption

A subsidiary undertaking consolidated as at 31 December 2022 is claiming exemption from audit under section 479A of the Companies Act 2006. Further details are given in note 17.

#### 1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### 1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Kirintec Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### 1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services such as training and installation is recognised as the services are performed.

Revenue on contracts that span the year end is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	straight line over 20 years
---------	-----------------------------

#### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	straight line over 50 years and 15 years
Fixtures, fittings & equipment	straight line over 3 years
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.9 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

#### 1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### 1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.13 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.14 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.15 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.16 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.17 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### 1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.19 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Warranty obligations

Significant estimates are involved in the determination of warranty provisions. Management exercise significant judgement in determining whether warranty obligations need to be fulfilled on a product by product basis. A provision is made where costs can be reliably estimated.

#### Revenue and profit recognition

Revenue and associated margin on contracts are recognised progressively over time as contracts are fulfilled and risks have been mitigated or retired. The ultimate profitability of contracts is based on estimates of revenue and costs which are reliant on the knowledge and experience of management.

#### Trade debtors

An allowance for doubtful debts involves significant management judgement and management review individual debtors based upon individual creditworthiness, current economic trends and historical bad debts on a portfolio basis.

### 3 Turnover and other revenue

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	21,671,337	5,857,759
Rendering of services	3,674,820	5,319,662
	<u>25,346,157</u>	<u>11,177,421</u>
	<b>2022</b>	<b>2021</b>
	£	£
<b>Turnover analysed by geographical market</b>		
UK	18,919,815	1,588,744
Europe	4,884,938	7,237,045
Rest of the world	1,541,404	2,351,632
	<u>25,346,157</u>	<u>11,177,421</u>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	5,920	150,216
Research and development costs	3,021,168	889,620
Government grants	-	(2,940)
Depreciation of owned tangible fixed assets	154,419	171,130
Amortisation of intangible assets	3,408	4,311
Loss on disposal of intangible assets	37,322	24,403
Operating lease charges	5,684	18,550
	<u>          </u>	<u>          </u>

Government grants received relate to the HMRC Customs Training Grant in 2021.

### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	27,829	21,307
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	14,900	18,092
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Overheads	6	4	4	3
Operations	7	7	4	6
Technological support	6	4	5	3
Sales and marketing	4	5	4	5
Research and development	10	6	10	6
Directors	5	5	4	4
Programme office	5	7	5	7
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	43	38	36	34
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	<b>Group 2022</b>	<b>2021</b>	<b>Company 2022</b>	<b>2021</b>
	£	£	£	£
Wages and salaries	2,813,277	2,283,682	2,741,550	2,228,613
Social security costs	345,133	268,383	345,133	268,383
Pension costs	38,928	34,519	38,928	34,519
	<u>3,197,338</u>	<u>2,586,584</u>	<u>3,125,611</u>	<u>2,531,515</u>

### 7 Directors' remuneration

	<b>2022</b>	<b>2021</b>
	£	£
Remuneration for qualifying services	380,566	619,934
Company pension contributions to defined contribution schemes	3,963	3,957
	<u>384,529</u>	<u>623,891</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2021 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2022</b>	<b>2021</b>
	£	£
Remuneration for qualifying services	123,219	256,316
Company pension contributions to defined contribution schemes	1,321	1,319
	<u>124,540</u>	<u>257,635</u>

### 8 Interest receivable and similar income

	<b>2022</b>	<b>2021</b>
	£	£
<b>Interest income</b>		
Interest on bank deposits	1,325	128
Other interest income	40,477	26,874
	<u>41,802</u>	<u>27,002</u>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

<b>9 Interest payable and similar expenses</b>	<b>2022</b>	<b>2021</b>
	£	£
<b>Other finance costs:</b>		
Other interest	6,023	6,093
	<u>          </u>	<u>          </u>
<b>10 Amounts written off investments</b>	<b>2022</b>	<b>2021</b>
	£	£
Amounts written off current loans	(22,562)	-
	<u>          </u>	<u>          </u>
<b>11 Taxation</b>	<b>2022</b>	<b>2021</b>
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	871,635	257,501
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(412)	4,924
	<u>          </u>	<u>          </u>
Total tax charge	871,223	262,425
	<u>          </u>	<u>          </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2022</b>	<b>2021</b>
	£	£
Profit before taxation	9,561,688	3,767,635
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,816,721	715,851
Tax effect of expenses that are not deductible in determining taxable profit	29,764	30,431
Group relief	-	(413)
Depreciation on assets not qualifying for tax allowances	5,953	5,953
Effect of overseas tax rates	54,081	(17,121)
Research and development enhanced expenditure	(1,041,790)	(466,840)
Super deduction uplift	(2,145)	(5,436)
Effect of change in future tax rate	8,639	-
	<u>          </u>	<u>          </u>
Taxation charge	871,223	262,425
	<u>          </u>	<u>          </u>

## KIRINTEC LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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12 Dividends	2022	2021
Recognised as distributions to equity holders:	£	£
Interim paid	1,460,000	-
	<u>          </u>	<u>          </u>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Intangible fixed assets

<b>Group</b>	<b>Patents</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2022	147,076
Additions	42,582
Disposals	(38,590)
	<hr/>
At 31 December 2022	151,068
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2022	15,244
Amortisation charged for the year	3,408
Disposals	(1,267)
	<hr/>
At 31 December 2022	17,385
	<hr/>
<b>Carrying amount</b>	
At 31 December 2022	133,683
	<hr/> <hr/>
At 31 December 2021	131,832
	<hr/> <hr/>
<b>Company</b>	<b>Patents</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2022	147,076
Additions	42,582
Disposals	(38,590)
	<hr/>
At 31 December 2022	151,068
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2022	15,244
Amortisation charged for the year	3,408
Disposals	(1,267)
	<hr/>
At 31 December 2022	17,385
	<hr/>
<b>Carrying amount</b>	
At 31 December 2022	133,683
	<hr/> <hr/>
At 31 December 2021	131,832
	<hr/> <hr/>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Tangible fixed assets

Group	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	Freehold			
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	1,742,290	529,261	10,000	2,281,551
Additions	-	43,923	-	43,923
Transfer from investment property	238,359	-	-	238,359
At 31 December 2022	1,980,649	573,184	10,000	2,563,833
<b>Depreciation and impairment</b>				
At 1 January 2022	142,707	375,832	8,978	527,517
Depreciation charged in the year	53,518	100,645	256	154,419
At 31 December 2022	196,225	476,477	9,234	681,936
<b>Carrying amount</b>				
At 31 December 2022	1,784,424	96,707	766	1,881,897
At 31 December 2021	1,599,583	153,429	1,022	1,754,034
<b>Company</b>				
	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	Freehold			
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	1,742,290	523,929	10,000	2,276,219
Additions	-	37,628	-	37,628
At 31 December 2022	1,742,290	561,557	10,000	2,313,847
<b>Depreciation and impairment</b>				
At 1 January 2022	142,707	372,766	8,978	524,451
Depreciation charged in the year	44,778	97,110	256	142,144
At 31 December 2022	187,485	469,876	9,234	666,595
<b>Carrying amount</b>				
At 31 December 2022	1,554,805	91,681	766	1,647,252
At 31 December 2021	1,599,583	151,163	1,022	1,751,768

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

<b>15</b>	<b>Investment property</b>			<b>Group</b>	<b>Company</b>
				<b>2022</b>	<b>2022</b>
				<b>£</b>	<b>£</b>
	<b>Fair value</b>				
	At 1 January 2022 and 31 December 2022			238,359	-
	Transfers to owner-occupied property			(238,359)	-
				<u>          </u>	<u>          </u>
	At 31 December 2022			<u>          </u>	<u>          </u>
				<u>          </u>	<u>          </u>
<b>16</b>	<b>Fixed asset investments</b>			<b>Group</b>	<b>Company</b>
				<b>2022</b>	<b>2021</b>
				<b>£</b>	<b>£</b>
		<b>Notes</b>		<b>2021</b>	<b>2021</b>
				<b>£</b>	<b>£</b>
	Investments in subsidiaries	17	-	-	11,404
	Investments in associates		1,000	1,000	1,000
			<u>          </u>	<u>          </u>	<u>          </u>
			1,000	1,000	12,404
			<u>          </u>	<u>          </u>	<u>          </u>
				<u>          </u>	<u>          </u>
	<b>Movements in fixed asset investments</b>				
	<b>Group</b>				<b>Shares in</b>
					<b>associates</b>
					<b>£</b>
	<b>Cost or valuation</b>				
	At 1 January 2022 and 31 December 2022				1,000
					<u>          </u>
	<b>Carrying amount</b>				
	At 31 December 2022				1,000
					<u>          </u>
	At 31 December 2021				1,000
					<u>          </u>
					<u>          </u>
	<b>Movements in fixed asset investments</b>				
	<b>Company</b>				<b>Shares in</b>
					<b>subsidiaries</b>
					<b>and associates</b>
					<b>£</b>
	<b>Cost or valuation</b>				
	At 1 January 2022 and 31 December 2022				12,404
					<u>          </u>
	<b>Carrying amount</b>				
	At 31 December 2022				12,404
					<u>          </u>
	At 31 December 2021				12,404
					<u>          </u>
					<u>          </u>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 17 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Nexus Defence Limited	Walter Scott House, 10 Old Gloucester Road, Ross-On-Wye, Herefordshire, HR9 5PB	Ordinary	100.00
Kirintec Incorporated	1800 Diagonal Road, Suite 600, Alexandria, Virginia, 22314, USA	Ordinary	100.00
Kirintec International DMCC	Unit No. 2707, Indigo Icon, Plot No: JLT-PH1-F3A, Jumeirah Towers, Dubai, UAE	Ordinary	100.00

#### Audit exemption

Nexus Defence Limited is exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

### 18 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	6,041,597	4,094,374	6,041,597	4,094,374

### 19 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	3,529,638	1,299,661	3,529,638	1,299,661
Corporation tax recoverable	729,971	1,784,770	729,971	1,784,770
Amounts owed by group undertakings	49,342	-	325,357	313,374
Other debtors	1,146,926	2,013,756	1,161,158	2,007,387
Prepayments and accrued income	230,179	227,417	227,458	226,159
	5,686,056	5,325,604	5,973,582	5,631,351
Deferred tax asset (note 21)	617	617	-	-
	5,686,673	5,326,221	5,973,582	5,631,351
<b>Amounts falling due after more than one year:</b>				
Other debtors	224,236	-	224,236	-
<b>Total debtors</b>	<b>5,910,909</b>	<b>5,326,221</b>	<b>6,197,818</b>	<b>5,631,351</b>

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 20 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	1,667,896	1,735,711	1,663,195	1,948,881
Amounts owed to group undertakings	32,110	-	3,343,384	3,400,713
Other taxation and social security	588,726	104,506	588,726	104,506
Other creditors	12,338	546	12,338	546
Accruals and deferred income	999,359	1,506,995	980,900	1,490,750
	<u>3,300,429</u>	<u>3,347,758</u>	<u>6,588,543</u>	<u>6,945,396</u>

### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Group</b>				
Accelerated capital allowances	34,419	34,831	-	-
Tax losses	-	-	617	617
	<u>34,419</u>	<u>34,831</u>	<u>617</u>	<u>617</u>
<b>Company</b>				
Accelerated capital allowances	34,419	34,831	-	-
	<u>34,419</u>	<u>34,831</u>	<u>-</u>	<u>-</u>
			<b>Group 2022 £</b>	<b>Company 2022 £</b>
<b>Movements in the year:</b>				
Liability at 1 January 2022			34,214	34,831
Credit to profit or loss			(412)	(412)
Liability at 31 December 2022			<u>33,802</u>	<u>34,419</u>

## KIRINTEC LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 22 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	38,928	34,519

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### 23 Share-based payment transactions

The company operates an Enterprise Management Incentive Scheme. The following options have been granted under this scheme:

1. Options to acquire 3,333 £1 ordinary shares were granted on 31 July 2015. These options may be exercised in the event of a share sale or listing, otherwise they will lapse on 31 July 2025, or earlier if certain events set out in the Scheme rules occur. The exercise price has been set at £1 per share. As at 31 December 2022, 1,553 of the above options have lapsed.

2. Options to acquire 430 £1 ordinary shares were granted on 4 December 2019. These options may be exercised in the event of a share sale or listing, otherwise they will lapse on 4 December 2029. The exercise price has been set at £241 per share. As at 31 December 2022, 23 of the above options have lapsed.

Group and company	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 January 2022	2,187	2,210	45.66	47.70
Forfeited	-	(23)	-	241.00
Outstanding at 31 December 2022	2,187	2,187	45.66	45.66
Exercisable at 31 December 2022	-	-	-	-

The directors are of the opinion that the grant of these options does not give rise to a material share based payment charge to be accounted for in accordance with Section 26 of FRS 102. During the year, the company recognised total share based payment expenses of £nil (2021: £nil) which related to equity settled share based payment transactions.

The total carrying amount at the end of the year for liabilities arising from share based payment transactions is £nil (2021: £nil).

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 24 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	8,550	8,550	8,550	8,550
A ordinary shares of £1 each	500	500	500	500
	<u>9,050</u>	<u>9,050</u>	<u>9,050</u>	<u>9,050</u>

### 25 Capital redemption reserve

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
At the beginning and end of the year	950	950	950	950
	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>

### 26 Profit and loss reserves

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
At the beginning of the year	20,593,320	16,964,062	14,875,850	11,460,749
Profit for the year	8,690,465	3,505,210	8,977,524	3,415,101
Dividends	(1,460,000)	-	(1,460,000)	-
Currency translation differences	159,154	124,048	-	-
At the end of the year	<u>27,982,939</u>	<u>20,593,320</u>	<u>22,393,374</u>	<u>14,875,850</u>

### 27 Financial commitments, guarantees and contingent liabilities

At 31 December 2021, a standby letter of credit in the sum of £1,122,354 was in place in connection with the company's supply of goods to a customer. This undertaking would require payment in the event that the company does not perform what is expected of it under the terms of any related contracts. The issuing bank is ING Belgium SA/NV. No such guarantee was in place at 31 December 2022.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 28 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	1,986	2,230	1,986	2,230
Between two and five years	314	2,300	314	2,300
	<u>2,300</u>	<u>4,530</u>	<u>2,300</u>	<u>4,530</u>

### 29 Related party transactions

#### Remuneration of key management personnel

The directors are considered to be the key management personnel and details of their remuneration are provided in note 7.

#### Transactions with related parties

The company has taken advantage of the exemption under FRS 102 from disclosing related party transactions with wholly owned subsidiaries within the group.

During the year, the company made sales of £85,488 (2021 - £nil), sales credits of £nil (2021 - £488,554) and purchases of £2,503,736 (2021 - £3,564,469) with companies over which it has significant influence. At the year end, £27,907 (2021 - £nil) was due from these companies.

At the year end, £480,000 (2021 - £416,000) was due from an associate in respect of a loan advanced to them. Interest was due on this loan at 0.5% above the Bank of England base rate but the interest has been waived.

During the year the company sold certain patents to a company under common control for £1 which was considered to be market value.

### 30 Controlling party

The company is controlled by R P Peers-Smith who owns 94% of the issued share capital of the company.

# KIRINTEC LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 31 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	8,690,465	3,505,210
<b>Adjustments for:</b>		
Taxation charged	871,223	262,425
Finance costs	6,023	6,093
Investment income	(41,802)	(27,002)
Loss on disposal of intangible assets	37,322	24,403
Amortisation and impairment of intangible assets	3,408	4,311
Depreciation and impairment of tangible fixed assets	154,419	171,130
Other gains and losses	22,562	-
<b>Movements in working capital:</b>		
Increase in stocks	(1,947,223)	(3,514,280)
(Increase)/decrease in debtors	(2,096,370)	9,561,572
Decrease in creditors	(47,329)	(9,907,419)
<b>Cash generated from operations</b>	<u>5,652,698</u>	<u>86,443</u>

### 32 Cash generated from operations - company

	2022	2021
	£	£
Profit for the year after tax	8,977,524	3,415,101
<b>Adjustments for:</b>		
Taxation charged	871,223	262,425
Finance costs	16,055	4,555
Investment income	(41,644)	(27,002)
Loss on disposal of intangible assets	37,322	24,403
Amortisation and impairment of intangible assets	3,408	4,311
Depreciation and impairment of tangible fixed assets	142,144	169,612
Other gains and losses	22,562	-
<b>Movements in working capital:</b>		
Increase in stocks	(1,947,223)	(3,514,280)
(Increase)/decrease in debtors	(2,078,149)	9,527,150
Decrease in creditors	(356,853)	(6,672,360)
<b>Cash generated from operations</b>	<u>5,646,369</u>	<u>3,193,915</u>

## KIRINTEC LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

33 Analysis of changes in net funds - group

	1 January 2022	Cash flows	Exchange rate movements	31 December 2022
	£	£	£	£
Cash at bank and in hand	12,440,089	4,759,458	159,154	17,358,701

34 Analysis of changes in net funds - company

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	10,244,348	4,749,234	14,993,582

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.